

PHMC Contract Overview

**B. J. Hanni, President and Chief Executive
Officer/(509) 372-2683**



***National Guard
Bureau civil
support training***



***Water line project
work continuing***



***Hanford Patrol
training exercise***

Overview

This section of the report is intended to provide an executive-level performance overview. Unless otherwise noted, all information is as of December 2008.

Included in this section are descriptions of significant accomplishments considered to have made the greatest contribution toward safe, timely, and cost-effective progress against the contract with RL; project cost summary analysis; and overviews of safety and critical issues that identify the high-level challenges to achieving cleanup progress.

Notable Accomplishments

Safeguards and Security (PBS RL-0020)

- Awarded Slightly Irradiated Fuel (SIF) project's fixed price contracts for 2721-E and 2701-HV modifications, and initiated field work.
- Issued HNF-PRO-39465, "Implementation of the International Atomic Energy Agency Additional Protocol."
- Safeguards and Security non-Patrol employees achieved one million hours without a Days Away From Work case.
- Implemented Personal Identity Verification (PIV) program per Presidential directive on schedule.

Nuclear Facility Decontamination and Decommissioning (D&D), Remainder of Hanford (PBS RL-0040)

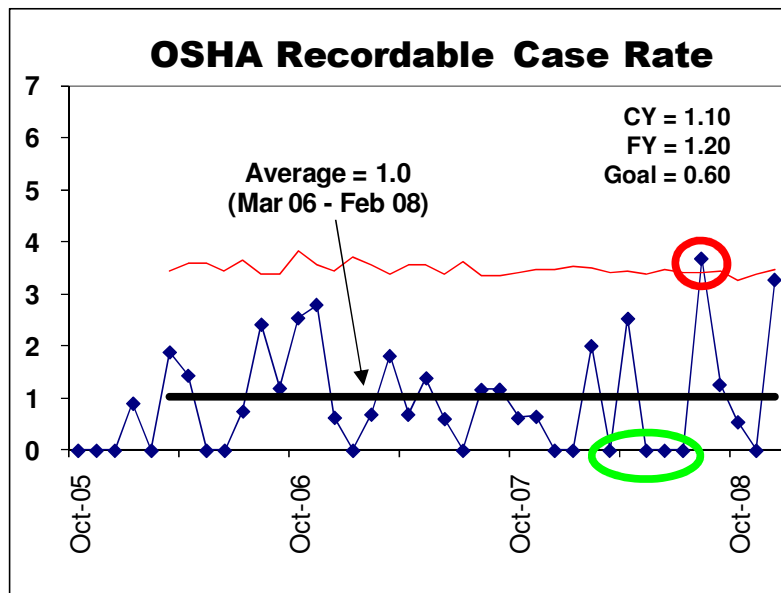
- **Reliability Projects**
 - Completed approximately 95 percent of construction activities for Project L-449, *Mortar Line 12-inch Potable Water Line*.
 - Nine of eleven isolation valves have been installed and tested.
 - Completed definitive design and awarded a construction contract for Project L-658, *Construct Two Salt/Sand Sheds – 300 and 200 East Areas*.
 - Awarded a contract for the procurement of three ambulances.
 - Implementation of Supplemented Contractor Requirements Document (SCRD) 430.1B
 - Awarded contract to develop the Ten-Year Site Plan.
 - Completed Deferred Maintenance and Actual Maintenance Reporting Requirements.
 - Developed Condition Assessment Survey implementation strategy.
- **HAMMER**
 - Construction continues on the State Department Building at HAMMER with completion scheduled by February 27, 2009.
 - Recommendation to designate HAMMER as National Guard Bureau's Western Regional Training Center was signed by the Governor of Washington, both Washington senators, and all nine Washington congressmen/women.
 - Eight different training props or facilities were reviewed as part of the monthly HAMMER Safety walkthrough. The team identified 20 items for review, though none are considered serious or an immediate safety concern.

Safety Overview

The focus of this section is to document trends in occurrences. FH continues to focus on improving safety through the efforts of the PHMC workforce as they implement the Integrated Environmental Safety and Health Management System, work towards achieving and maintaining Voluntary Protection Program "Star" status, and accomplish work through enhanced work planning. Safety and health statistical data is presented below. The safety charts are reported according to Occupational Safety and Health Administration (OSHA) standards.

NOTE: Fiscal Year 2009 started October 1, 2008. These charts reflect the work scope of the PHMC with the Plateau Remediation Contract scope removed. Both the current and the historic data have been revised to reflect the PHMC scope.

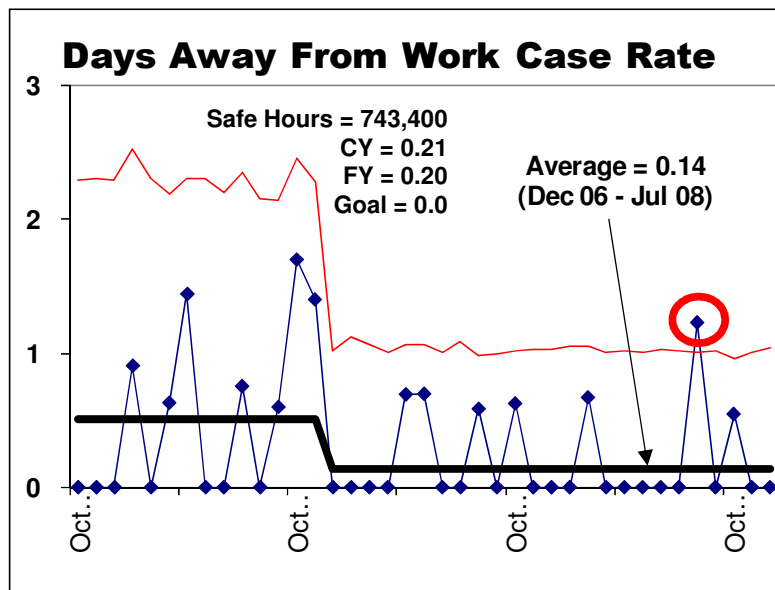
Total OSHA Recordable Case Rate:



There were five OSHA injuries (without restriction or days away) reported in December. Two were related to a vehicular collision in the 200 East Area. The other three were related to slips and falls on snow and ice on December 29 and 30. These five injuries gave a Case Rate of 3.3, just below the Upper Control Limit.

A case was reclassified to OSHA recordable in August which drove it above the Upper Control Limit.

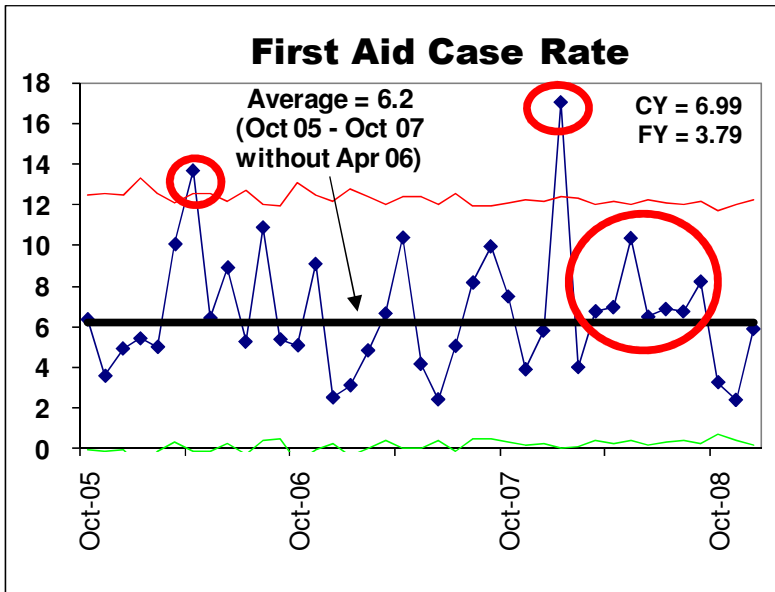
OSHA Days Away From Work (DAFW) Case Rate:



There were no new DAFW cases for December, but a case from August reclassified from First Aid to DAFW, driving the August rate above the Upper Control Limit.

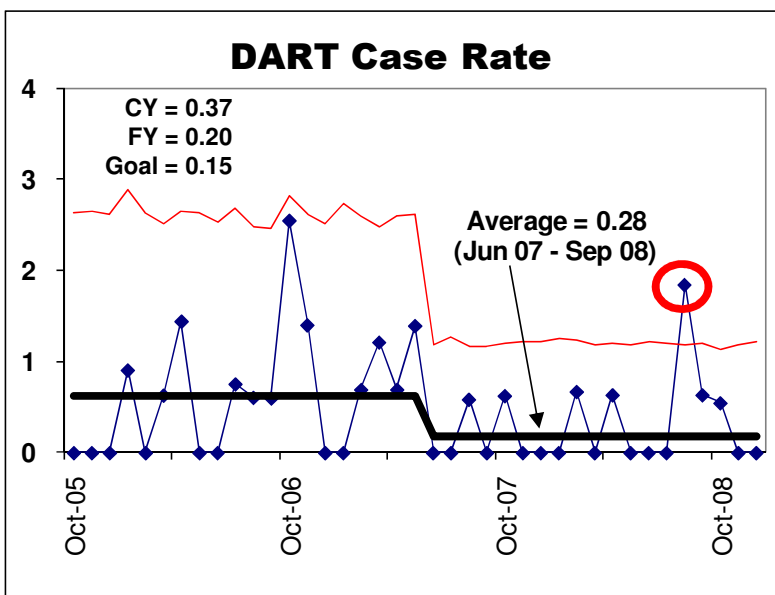
Safety Overview, continued

First Aid Case Rate:



The First Aid rate returned to the baseline rate for December.

Days Away Restricted/Transferred (DART) Case Rate:



There were no new DART cases for December, but a case from August reclassified from First Aid to DAFW, driving the August rate above the Upper Control Limit.

Schedule/Cost Performance (\$M)

Both Current Month and Fiscal Year to Date performance is presented below. Variances addressed are at the Fiscal Year to Date level.

Current Period (December)	Budgeted Cost of Work Scheduled	Budgeted Cost of Work Performed	Actual Cost of Work Performed	Schedule Variance \$	Schedule Variance %	Cost Variance \$	Cost Variance %	Budget At Completion
RL-0020 Safeguards & Security	\$6.4	\$6.0	\$5.9	-\$0.4	-6.3%	\$0.1	1.7%	\$68.1
RL-0040 Nuclear Facility D&D, Remainder of Hanford	\$0.7	\$1.2	\$2.3	\$0.5	71.4%	-\$1.1	-91.7%	\$17.2
General Site Services	\$11.0	\$10.9	\$11.5	-\$0.1	-0.9%	-\$0.6	-5.5%	\$170.6
Subtotal Sub-project Work scope	\$18.1	\$18.1	\$19.7	\$0.0	0.0%	-\$1.6	-8.8%	\$255.9
400.01.01 Request for Services (RFSs)	\$4.2	\$4.2	\$1.2	\$0.0	0.0%	\$3.0	71.9%	\$21.2
400.01.02 HAMMER RFSs	\$0.3	\$0.3	\$0.5	\$0.0	0.0%	-\$0.2	0.0%	\$2.2
400.01.03 National Guard Bureau RFS	\$0.0	\$0.0	\$0.0	\$0.0	0.0%	\$0.0	0.0%	\$0.0
400.02.01 WFO Transfers - CHPRC	\$2.6	\$2.6	\$3.6	\$0.0	0.0%	-\$1.0	-36.8%	\$31.4
400.02.02 WFO Transfers - WRPS	\$0.4	\$0.4	\$0.5	\$0.0	0.0%	-\$0.1	-19.1%	\$4.7
400.02.03 WFO Transfers - CHG Closeout	\$0.0	\$0.0	\$0.0	\$0.0	0.0%	\$0.0	0.0%	\$0.0
400.03.01 WFO Non-Transfers - PNNL	\$0.2	\$0.2	\$0.6	\$0.0	0.0%	-\$0.3	-137.4%	\$1.4
400.03.02 WFO Non-Transfers - BNI	\$0.0	\$0.0	\$0.0	\$0.0	0.0%	\$0.0	-28.9%	\$0.1
400.03.03 WFO Transfers - AMH	\$0.0	\$0.0	\$0.0	\$0.0	0.0%	\$0.0	-13.5%	\$0.2
400.03.04 WFO Transfers - ATL	\$0.0	\$0.0	\$0.0	\$0.0	0.0%	\$0.0	49.3%	\$0.1
400.03.05 WFO Transfers - WCH	\$0.3	\$0.3	\$0.3	\$0.0	0.0%	\$0.0	-4.5%	\$1.5
Total Work For Others	\$8.1	\$8.1	\$6.6	\$0.0	0.0%	\$1.5	18.2%	\$62.6
Total FH Contract Work scope	\$26.2	\$26.2	\$26.3	\$0.0	0.0%	-\$0.1	-0.5%	\$318.4

Variance threshold is +/- \$1M or 10%

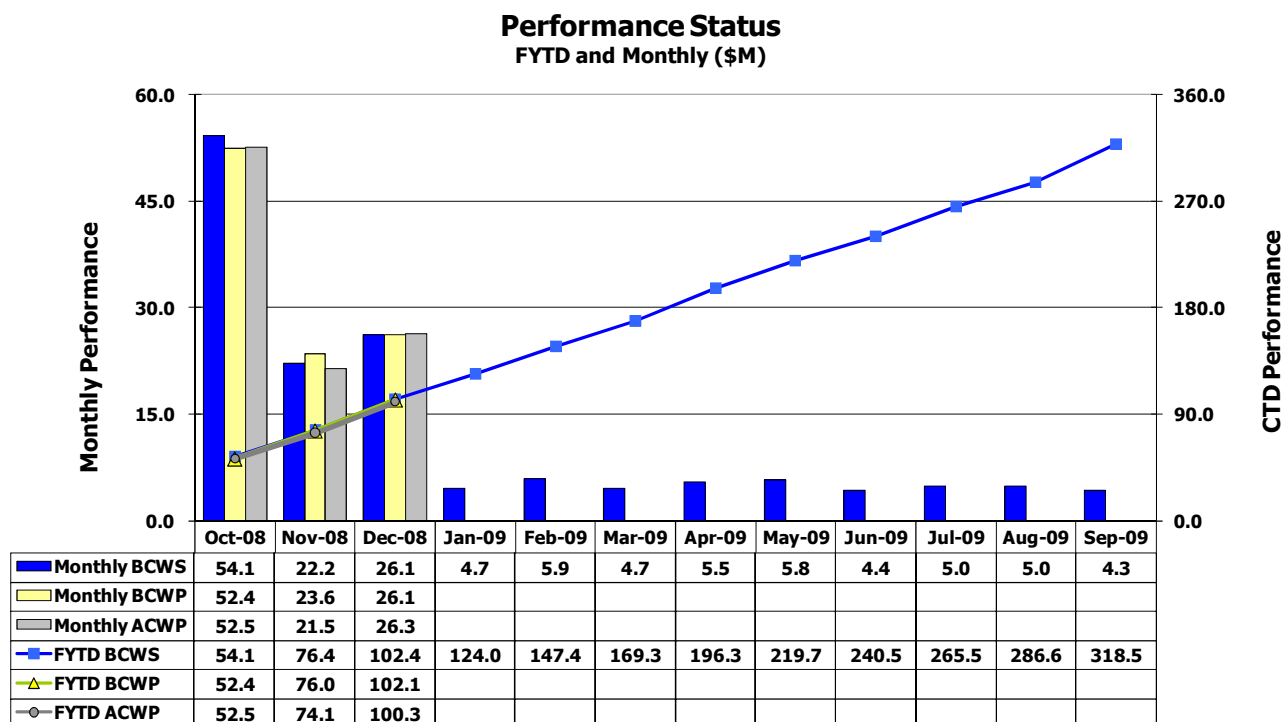
Fiscal Year 2009 To Date	Budgeted Cost of Work Scheduled	Budgeted Cost of Work Performed	Actual Cost of Work Performed	Schedule Variance \$	Schedule Variance %	Cost Variance \$	Cost Variance %	Budget At Completion (thru FY 2008)
RL-0020 Safeguards & Security	\$16.1	\$15.6	\$14.5	-\$0.5	-3.1%	\$1.1	6.9%	\$68.1
RL-0040 Nuclear Facility D&D, Remainder of Hanford	\$4.0	\$4.5	\$4.4	\$0.5	13.8%	\$0.1	1.8%	\$17.2
General Site Services	\$66.8	\$66.5	\$63.8	-\$0.3	-0.4%	\$2.7	4.1%	\$170.6
Subtotal Sub-project Work scope	\$86.9	\$86.6	\$82.8	-\$0.3	-0.3%	\$3.9	4.5%	\$255.9
400.01.01 Request for Services (RFSs)	\$5.3	\$5.3	\$4.3	\$0.0	0.0%	\$0.9	18.0%	\$21.2
400.01.02 HAMMER RFSs	\$1.4	\$1.4	\$0.7	\$0.0	0.0%	\$0.7	48.4%	\$2.2
400.01.03 National Guard Bureau RFS	\$0.0	\$0.0	\$0.0	\$0.0	0.0%	\$0.0	0.0%	\$0.0
400.02.01 WFO Transfers - CHPRC	\$6.7	\$6.7	\$9.4	\$0.0	0.0%	-\$2.7	-40.0%	\$31.4
400.02.02 WFO Transfers - WRPS	\$1.1	\$1.1	\$1.3	\$0.0	0.0%	-\$0.2	-19.0%	\$4.7
400.02.03 WFO Transfers - CHG Closeout	\$0.0	\$0.0	-\$0.1	\$0.0	0.0%	\$0.1	0.0%	\$0.0
400.03.01 WFO Non-Transfers - PNNL	\$0.6	\$0.6	\$1.1	\$0.0	0.0%	-\$0.5	-94.1%	\$1.4
400.03.02 WFO Non-Transfers - BNI	\$0.0	\$0.0	\$0.0	\$0.0	0.0%	\$0.0	0.0%	\$0.1
400.03.03 WFO Transfers - AMH	\$0.0	\$0.0	\$0.0	\$0.0	0.0%	\$0.0	-11.6%	\$0.2
400.03.04 WFO Transfers - ATL	\$0.0	\$0.0	\$0.0	\$0.0	0.0%	\$0.0	69.0%	\$0.1
400.03.05 WFO Transfers - WCH	\$0.5	\$0.5	\$0.7	\$0.0	0.0%	-\$0.2	-51.4%	\$1.5
Total Work For Others	\$15.5	\$15.5	\$17.5	\$0.0	0.0%	-\$2.0	-12.8%	\$62.6
Total FH Contract Work scope	\$102.4	\$102.1	\$100.3	-\$0.4	-0.3%	\$1.8	1.7%	\$318.5

Variance threshold is +/- \$1M or 10%

FYTD Schedule Performance: Fiscal year to date contract schedule performance reflected a -\$0.4M/-0.3 percent unfavorable variance, and is within thresholds.

FYTD Cost Performance: Fiscal year to date contract cost performance reflected a +\$1.8M/+1.7% percent variance. The most significant cost variances are discussed in Section D, *General Site Services*.

Schedule/Cost Performance (\$M), continued



Milestone Performance

Hanford Federal Facility Agreement and Consent Order (abbreviated and referred to as the "Tri-Party Agreement") milestones represent significant events in project execution. DOE Enforceable Agreement milestones were established to provide high-level visibility to critical deliverables and specific status on the accomplishment of these key events. The FY 2009 Enforceable Agreement milestone information provided herein is based upon the current baseline including RL-approved changes. Changes from month-to-month in both the total number of milestones to be completed and in the forecast status of upcoming milestones are the result of Baseline Change Request (BCRs) approved during the reporting period.

As of October 1, 2008, the PHMC has only one Tri-Party Agreement milestone due in FY 2009: M-026-01S, *Annual Hanford Land Disposal Restrictions Summary Report*, due on April 30, 2009.

Note: the table below reflects data from the Hanford Site Technical Database.

MILESTONE TYPE	FISCAL YEAR-TO-DATE				REMAINING SCHEDULED			
	Completed Early	Completed On Schedule	Completed Late	Overdue	Forecast Early	Forecast On Schedule	Forecast Late	Total FY 2009
Enforceable Agreement	0	0	0	0	0	1	0	1

Government Furnished Services/Items

Listed below are the near-term RL action/commitments required to support FH's accelerated cleanup. Only data for the next 30 days (including any open GFS/I from prior periods) are shown. Items highlighted in "gold" reflect the affected Performance Incentive (PI). Items in "pink" reflect an overdue status. NOTE: GFS/I data is through January 6, 2009.

Ref ID	SOW Section	WBS Scope	Responsibility	Requirement	GFS/GFI	RL Letter No. & Date Completed	FH Submittal
							FH Letter No. & Date Completed
There are no GFS/I action/commitments required within the next 30 days.							

Contract Deliverables

Listed below are the near-term FH Contract Deliverable action/commitments required to support FH's accelerated cleanup. Only data for the next 30 days (including any open Contract Deliverables from prior periods) are shown. Items highlighted in "gold" reflect the affected PI. Items in "pink" reflect an overdue status. NOTE: All contract deliverable data is through January 6, 2009, with a seven-day grace period.

Ref ID	SOW Section	WBS Scope	Responsibility	Requirement	Deliverable	FH Letter No. & Date Completed	Needed GFS/GFI
							RL Letter No. & Date Completed
CD0114	PHMC, C.4.2.41, DELIVERABLES DELIVERABLES /COMPLETIONS	020.01.01.06 Material Control and Accountability	• Safeguards & Security	• PHMC, C.4.2.41, DELIVERABLES	Nuclear Material Accountability Transaction Data Report Due: Monthly		
					Nuclear Material Accountability Transaction Data Report (Dec 2008) Planned: 16 January 2009		
CD0115	PHMC, C.4.2.41, DELIVERABLES DELIVERABLES /COMPLETIONS	020.01.01.07 Safeguards & Security	• Safeguards & Security	• PHMC, C.4.2.41, DELIVERABLES	Nuclear Material Balance Report Due: Monthly		
					Nuclear Material Balance Report (Dec 2008) Planned: 15 January 2009		
CD0116	PHMC, C.4.2.41, DELIVERABLES DELIVERABLES /COMPLETIONS	020.01.01.07 Safeguards & Security	• Safeguards & Security	• PHMC, C.4.2.41, DELIVERABLES	Status Report on DOE Findings Due: Quarterly		
					Status Report on DOE Findings (1st Qtr 2009) Planned: 12 January 2009		
CD0119	PHMC, C.4.2.41, DELIVERABLES DELIVERABLES /COMPLETIONS	020.01.01.03 Information Security	• Safeguards & Security	• PHMC, C.4.2.41, DELIVERABLES	Classification Officers Report Due: Quarterly		
					Classification Officers Report (1st Qtr 2009) Planned: 22 January 2009		

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Contract Deliverables, continued

Ref ID	SOW Section	WBS Scope	Responsibility	Requirement	Deliverable	FH Letter No. & Date Completed	Needed GFS/GFI
							RL Letter No. & Date Completed
CD0120	PHMC, C.4.2.41, DELIVERABLES DELIVERABLES /COMPLETIONS	020.01.01.06 Material Control and Accountability	• Safeguards & Security	• PHMC, C.4.2.41, DELIVERABLES	Category of Ending Inventory Report Due: Quarterly		
					Category of Ending Inventory Report (1st Qtr 2009) Planned: 16 January 2009		
CD0122	PHMC, C.4.2.41, DELIVERABLES DELIVERABLES /COMPLETIONS	020.01.01.01 Hanford Patrol	• Safeguards & Security	• PHMC, C.4.2.41, DELIVERABLES	Protective Force Strength Report Due: Quarterly		
					Protective Force Strength Report (1st Qtr 2009) Planned: 22 January 2009		
CD0154	PHMC, C.5.1.1, DELIVERABLES DELIVERABLES /COMPLETIONS	000.04.03 Environmental Protection	• Environment, Health, Safety, & Quality	• PHMC, C.5.1.1, DELIVERABLES	RCRA Permit Class I Modification Notification Due: Quarterly		
					RCRA Permit Class I Modification Notification (1st Qtr 2009) Planned: 05 January 2009		
CD0169	PHMC, C.5.3.4, DELIVERABLES DELIVERABLES /COMPLETIONS	000.16.17 Contract Reporting (Baseline)	• Project Systems & Support	• PHMC, C.5.3.4, DELIVERABLES	Contract Performance Report Due: Monthly		
					Contract Performance Report (Nov 2008) Planned: 05 January 2009		

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Contract Deliverables, continued

Ref ID	SOW Section	WBS Scope	Responsibility	Requirement	Deliverable	FH Letter No. & Date Completed	Needed GFS/GFI
							RL Letter No. & Date Completed
CD0173	PHMC, C.5.3.1, DELIVERABLES + DELIVERABLES /COMPLETIONS	000.15.02 Accounting System	• Business Services	• PHMC, C.5.3.1, DELIVERABLES	Financial Information System (FIS) Management & Reporting System (MARS) Due: Month-End Deadlines		
					Financial Information System (FIS) Management & Reporting System (MARS) (Dec 2008) Planned: 08 January 2009		
CD0179	PHMC, C.5.3.1, DELIVERABLES + DELIVERABLES /COMPLETIONS	000.15.02 Accounting System	• Business Services	• PHMC, C.5.3.1, DELIVERABLES	Contract Funds Status Report Due: Monthly		
					Contract Funds Status Report (Nov 2008) Planned: 31 December 2008		
CD0267	PHMC, C.5.3.1, DELIVERABLES + DELIVERABLES /COMPLETIONS	000.15.02 Accounting System	• Business Services	• PHMC, C.5.3.1, DELIVERABLES	Estimated Property Valuation Due: Annually		
					Estimated Property Valuation (2009) Planned: 22 January 2009		
CD0271	PHMC, C.5.3.1, DELIVERABLES + DELIVERABLES /COMPLETIONS	000.15.02 Accounting System	• Business Services	• PHMC, C.5.3.1, DELIVERABLES	Depreciation Charges Due: Monthly		
					Depreciation Charges (Dec 2008) Planned: 08 January 2009		

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Contract Deliverables, continued

Ref ID	SOW Section	WBS Scope	Responsibility	Requirement	Deliverable	FH Letter No. & Date Completed	Needed GFS/GFI
							RL Letter No. & Date Completed
CD0273	PHMC, C.5.3.1, DELIVERABLES DELIVERABLES /COMPLETIONS	000.15.02 Accounting System	• Business Services	• PHMC, C.5.3.1, DELIVERABLES	Erroneous Payment Report Due: Quarterly		
					Erroneous Payment Report (1st Qtr 2009) Planned: 15 January 2009		
CD0281	PHMC, C.5.3.1, DELIVERABLES DELIVERABLES /COMPLETIONS	000.15.02 Accounting System	• Business Services	• PHMC, C.5.3.1, DELIVERABLES	Fluor Hanford, Inc., Cost Submittal FHXXXX Due: Monthly		
					Fluor Hanford, Inc., Cost Submittal FHXXXX (Dec 2008) Planned: 12 January 2009		
CD0284	PHMC, C.5.3.2, DELIVERABLES DELIVERABLES /COMPLETIONS	000.16.17 Baseline	• Project Systems & Support	• PHMC, C.5.3.2, DELIVERABLES	GFS/I Report Due: Quarterly		
					GFS/I Report (1st Qtr 2009) Planned: 15 January 2009		
CD0285	PHMC, C.5.3.4, DELIVERABLES DELIVERABLES /COMPLETIONS	000.15.10 Contract Reporting (Internal Audit)	• Internal Audit	• PHMC, C.5.3.4, DELIVERABLES	Internal Audit Quarterly Status Report Due: Quarterly		
					Internal Audit Quarterly Status Report (1st Qtr 2009) Planned: 22 January 2009		
CD0300	PHMC, C.4.2.52, DELIVERABLES DELIVERABLES /COMPLETIONS PHMC (M327), C.4.2.52, DELIVERABLES DELIVERABLES /COMPLETIONS	000.11.04 Utilities Operations and Maintenance--Water Compliance and Sampling	• Closure Services & Infrastructure	• PHMC, C.4.2.52, DELIVERABLES • PHMC (M327), C.4.2.52, DELIVERABLES	200E, 200W Area Drinking Water Report Due: Monthly		
					200E, 200W Area Drinking Water Report (Dec 2008) Planned: 12 January 2009		

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Contract Deliverables, continued

Ref ID	SOW Section	WBS Scope	Responsibility	Requirement	Deliverable	FH Letter No. & Date Completed	Needed GFS/GFI
							RL Letter No. & Date Completed
CD0401	PHMC, C.4.2.11, DELIVERABLES + DELIVERABLES /COMPLETIONS	000.15.05 Operations Assurance	• Environment, Health, Safety, & Quality	• PHMC, C.4.2.11, DELIVERABLES	Performance Analyses and Identification of Recurring Occurrences (Quarterly)		
					Performance Analyses and Identification of Recurring Occurrences (1st Qtr 2009) Planned: 22 January 2009		
CD0594	PHMC, C.4.2.50, DELIVERABLES + DELIVERABLES /COMPLETIONS	000.11.05 Utilities Operations and Maintenance--Electrical Utilities	• Closure Services & Infrastructure	• PHMC, C.4.2.50, DELIVERABLES	Breakdown (by contractor) of BPA power and transmission billing. Due: Monthly		
					Breakdown (by contractor) of BPA power and transmission billing (Nov 2008) Planned: 20 January 2009		
CD0602	PHMC, C.5.3.4, DELIVERABLES + DELIVERABLES /COMPLETIONS	000.15.07 Contract Reporting (Human Resources)	• Workforce Services	• PHMC, C.5.3.4, DELIVERABLES	Updated Labor Relations Module in the Work Force Information System Due: Annually by January 15th		
					Updated Labor Relations Module in the Work Force Information System (2009) Commitment: 15 January 2009		
CD0641	PHMC, C.4.2.54, DELIVERABLES + DELIVERABLES	000.15.07 Hanford Site Benefit Plans for Employees and Retirees	• Workforce Services	• PHMC, C.4.2.54, DELIVERABLES • PHMC, H.26(a)(7)	[Fernald Legacy] Itemization of Cost Incurred for Administration of each Legacy Plan (See H.26(a)(7)) (Within 60 days of the end of each plan year)		
					Itemization of Cost Incurred for Administration of each Legacy Plan (See H.26(a)(7)) (2008) Planned: 01 January 2009		

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Contract Deliverables, continued

Ref ID	SOW Section	WBS Scope	Responsibility	Requirement	Deliverable	FH Letter No. & Date Completed	Needed GFS/GFI
							RL Letter No. & Date Completed
CD0652	PHMC, C.4.2.50, DELIVERABLES + DELIVERABLES /COMPLETIONS	000.11.05 Utilities Operations and Maintenance-- Electrical Utilities	• Closure Services & Infrastructure	• PHMC, C.4.2.50, DELIVERABLES	Mitigation Plan Updates Due: Quarterly		
					Mitigation Plan Updates (1st Qtr 2009) Planned: 31 December 2008		